

Lebanon Co. farmers hear trends, taxes

SCHAEFFERSTOWN — "Taxes are the third largest consumer of capital," stated Steven Hoffman, Certified Public Accountant as he addressed nearly 200 farmers from in and around Lebanon County on Wednesday.

Hoffman, along with other speakers including Pennsylvania Secretary of Agriculture Penrose Hallowell, brought the soil stewards up-to-date on the latest information on farm taxes, estate planning, market predictions, and farmland preservation.

Hoffman advised the group tax management can be an important financial tool in farming.

"Timing your income and deductions between years can help save money in taxes," he said.

He stressed the importance of keeping good farm records for investment credit and depreciation tax breaks.

"Previously farmers could get by with cash, sales slips and a check book," Hoffman said "Now it's imperative to keep a decent set of books and records."

He pointed out a 1978 tax law now allows for depreciation to be taken on single purpose buildings, along with breeding livestock, fencing, wells, and storage facilities. Used property can also be

depreciated, but with a limit of \$100,000 in any one year, he added.

Income taxes also can be reduced depending on the operation — whether individual (allowed 70 percent), partnership (spread income between family members), or corporation (income sheltered, allowed 46 percent).

Other expenses that can be deducted for tax purposes include soil and water conservation costs, fertilizer and seed, land clearing, machine hire, insurance premiums, freight and trucking and other farm business expenses.

Hoffman stressed the need for proper estate planning for tax savings on inheritance taxes on the farm. The in's and out's of this topic were highlighted by R. Darrell Ford of Estate Archetypes, Inc., York County.

Of course these subjects assumed the farm was earning an income and was not sold to avoid bankruptcy.

To give the farmers an idea of what their chances of making a profit looked like, Penn State Extension Economist Louis Moore talked about the factors influencing the price of beef, pork, and grain today.

His outlook for cattle and corn was favorable. He said prices will remain strong throughout 1981 and possibly

into the next year depending on weather and numbers.

The hog story was slightly different.

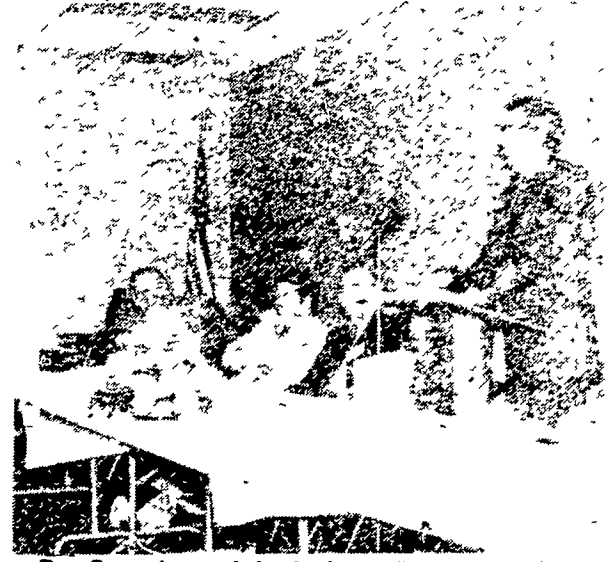
Moore noted in 1959 there were 2 million hog producers in the U.S. — now there's less than 650,000. These operations are getting larger, with more hogs being produced on fewer farms.

With the recent rise and fall in market hog prices, Moore noted the small operator is being driven out — the larger operations are trying to wallow through because of their larger capital investment.

One good thing for Pennsylvania hog producers is the proximity of packers, Moore pointed out.

"Pennsylvania slaughters 75 percent of the hogs that

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Pa. Secretary of Agriculture Penrose Hallowell up-dated the farmers on farmland preservation efforts and legislation. "I hope to see the day farmers plow up the parking lots in Levittown to plant corn," he said.



Taxes and trends were the subject of three specialists in the field at the Lebanon Valley National Bank seminar for farmers held Wednesday. R. Darrell Ford, of Estate Archetypes, Inc., York, left, spoke on estate planning; Steve Hoffman, C.P.A. for Peat, Marwick, Mitchell & Co., Harrisburg, center, discussed tax management; Penn State economist Lou Moore covered the economic trends facing farmers in 1981.

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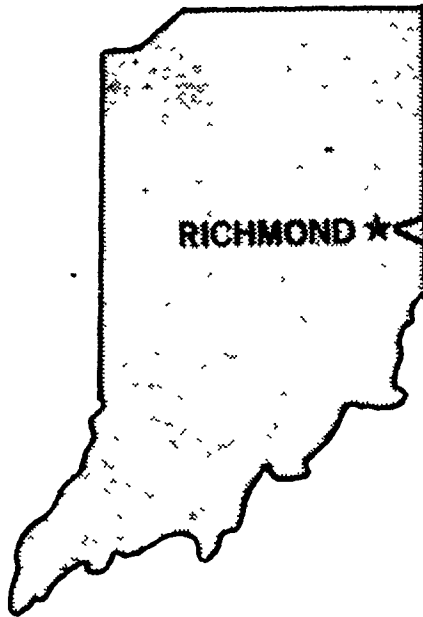
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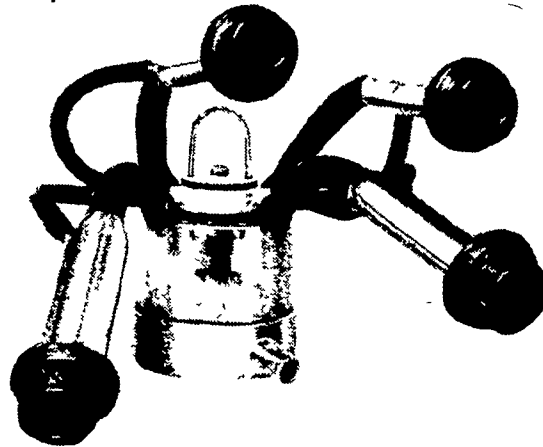
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